

Canals in the spring, to the dams or other exposed works on the line, by ice, high water or otherwise and also to pay the interest on the bonds issued to the claimants of damages and others and for repairs done to the Tide Water Canal in the year 1841, and since, as authorised by the third section of the act above mentioned.

The above sum of \$4,058.88 was paid to a debt secured by a mortgage, constituting, as *the Board is advised*, the first lien on so much of the Susquehanna Canal companies works as lie in Lancaster county, Pennsylvania. This debt was contracted by certain individuals for the purpose of completing the canal, when it had advanced very nearly to that point, but which it was found impracticable to effect without the funds thus raised. And at the time the debt was contracted the whole means, resources and revenues of the companies were expressly pledged for its repayment, and to effect this, the security above named was given.

If the canal had been arrested at the point to which it had advanced when these funds were provided, the State of Maryland being its largest creditor, would have been the greatest sufferer. The parties who risked their private responsibility to obtain them had no interest whatever in the act, further than they may have been stockholders—but being at the time mostly managers of the company, in that relation felt a strong desire to see the work completed and relied on the pledged faith of the company for their security.

Far more than any other party, is the State of Maryland benefited by their act, and if they had not provided the necessary funds, it would seem that the State would either have been compelled to provide them herself or lose her whole investment in the canals; but by reason of this provision made at the proper time, and without delay, the State is now possessed of the security of a completed work and has in the course of the last six months received \$20,000 from its revenue.

The revenue of the canals has, however, fallen short of what was anticipated, from several causes; principally as is believed on account of the system of drawbacks allowed by the canal commissioners of Pennsylvania on Western produce.

By this system, if freight clears from Pittsburgh to Philadelphia engaging to pursue the entire line of Pennsylvania works, between the two places, a drawback is allowed of 75 cents per ton on nearly every article of produce. This operates as a premium to the carrier to take that route to the exclusion of all others, and has in fact had the effect of diverting from the companies works nearly all the western trade, a very considerable portion of which previously pursued them to market.

The company views this act of the Pennsylvania Canal commissioners so far as it interferes with the Susquehanna Canal company as unjust to them and an unauthorised interference with the rights granted to that company by its charter.

By that instrument they are authorised to connect their works with those of the Pennsylvania Canal, without any restriction or